

Witness Name: Geoffrey Mulgan

Statement No.: WITN0351_01

Exhibits: None

Dated: 21 September 2022

POST OFFICE HORIZON IT INQUIRY

FIRST WITNESS STATEMENT OF GEOFFREY MULGAN

I, Mr Geoffrey Mulgan, will say as follows:

INTRODUCTION

1. I was in 1998-9 a special adviser in 10 Downing Street. A year later I became a civil servant in the Cabinet Office.
2. This witness statement is made to assist the Post Office Horizon IT Inquiry (the "**Inquiry**") with the matters set out in the Rule 9 Request dated 13 June 2022 (the "**Request**").

BACKGROUND

3. In late 1998 I was asked to sit on the Horizon Working Group as a representative of No 10. It was already clear that the project was fraught with problems that cut across DTI and DSS. Like so many IT projects at the time it had slipped badly in terms of costs and deadlines. The Working Group was

meant to find a solution at a reasonable cost and to reconcile a series of conflicting objectives – rapid move to automated benefits payments; maintaining viable relations with Fujitsu, the most important Japanese investor in the UK; not undermining the financial sustainability of the Post Office; and contributing to digitising various other government services.

4. The position was a mess and government did not have a coherent overall view. Treasury tried to provide one.
5. My recommendations were summed up in a note to the Prime Minister in February 1999 and a further note in April to Lord Falconer. At that point the approach recommended appeared the least worst option, with the potential to break even, albeit with a lot of risk and uncertainty. I will leave to others to assess whether my judgements then – of a very messy situation – were sound.
6. Later in the summer, May 1999, I wrote an internal note on some of the longer-term lessons of the situation, and how to avoid a similar one reoccurring, emphasising clear leadership, ensuring fallback options; the lack of clear authority over digital projects and commissioning at the time; and avoiding the risk of ministers trying to assess commercial options that were certainly not their competence (nor that of their senior civil servants)
7. Although prompted by the papers I've seen, my memory of the details remains hazy. I was covering a very wide range of briefs at the time (mainly on social policy) and was much less directly involved in this topic than others, particularly

the Treasury representatives, and Steve Robson who was brought in to achieve a more viable option. This was also a particularly complex issue with constantly shifting assessments.

8. I had no involvement in the issue later on, after I took up a role running the Performance and Innovation Unit and Strategy Unit. As a result, I don't have a good perspective on what happened subsequently.

9. I don't recall much discussion of technical integrity and robustness. Instead, the main focus was on NPVs of different options (although I have a PhD in telecommunications the technological issues were not discussed in this working group). This included weighing up various options against the option of termination. The various papers and minutes confirm just how much the valuation of options varied over time, making it hard for ministers to make decisions. A key part of the problem was the lack of a sufficiently clear business strategy in the Post Office at the time, and a leadership who were not quite equipped to lead on this major transformation of their work.

10. The Prime Minister briefly became involved, having been lobbied by the key departments and by ICL and Fujitsu, and I attempted to provide advice, also linking in Jeremy Heywood and the then Cabinet Secretary, Sir Richard Wilson. But at the Chancellor's request, essentially pushed it back to Treasury to resolve, as the Chancellor was concerned at the potential extra cost of the option (B1) being proposed by some ministers and which for a time appeared the best option for reconciling divergent priorities.

11.I had no one to one meetings with Fujitsu and ICL in this period. The Prime Minister did have meetings with Fujitsu and ICL on a range of matters, and during at least one of these the POCL issues were raised.

Statement of Truth

I believe the content of this statement to be true



GRO

Signed:

Dated:

21/9/2022